

Message Text

CONFIDENTIAL

PAGE 01 MONROV 02946 291815Z

ACTION AF-10

INFO OCT-01 ISO-00 PA-01 PRS-01 IGA-02 OPIC-03 SSO-00
NSCE-00 USIE-00 INRE-00 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FEAE-00 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /098 W
-----291847Z 058244 /43

O 291612Z APR 77

FM AMEMBASSY MONROVIA

TO SECSTATE WASHDC IMMEDIATE 4524

C O N F I D E N T I A L MONROVIA 2946

E.O. 11652 GDS

TAGS: EINV, ENRG, LI

SUBJECT: LIBERIA REFINING COMPANY (LRC)

REF: STATE 77863

1. IN CALLING AT LRC ON APRIL 27, E/C COUNSELOR WAS SURPRISED TO MEET
F. P. GLAZIER OF SUN OIL INT'L AND H.W. NAGEL OF SUN TRADING AND
MARINE TRANSPORT IN GENERAL MANAGER J. EPPARD'S OFFICE. GLAZIER SAID
THAT HE HAD MET WITH MINFIN PHILLIPS AND DEPUTY MINFIN PADMORE ON
APRIL 25. GLAZIER WAS THEN RUDELY SHOCKED WHEN PHILLIPS SAID GOL WAS
NO LONGER INTERESTED IN PURCHASING SUN'S EQUITY IN LRC. GLAZIER SHOWE
D

E/C COUNSELOR LETTER DATED APRIL 26 FROM MINFIN PHILLIPS THAT LRC WIL
L

RECEIVE PRODUCT IMPORTS, WILL OVERSTAMP INVOICE "PAY TO GOVERNEMENT"
AND DEPOSIT PROCEEDS FROM SALE OF PRODUCTS IN NATIONAL BANK OF LIBERI
A.

EPPARD HAD SUGNIFIED HIS APPROVAL BY SIGNING HIS NAME AT END
OF LETTER, WHICH PRESUMABLY WOULD BE SENT TO MINFIN. GLAZIER REMARKED
ARRANGEMENTS OUTLINED IN LETTER ARE USURPATION OF MANAGEMENT PREROGAT
IVE.

HE ADDED THAT ACCORDING TO SUN'S LAWYERS COMPANY HAS GOOD CASE

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MONROV 02946 291815Z

FOR ECONOMIC EXPROPRIATION TO PRESENT TO INTERNAL REVENUE SERVICE.

2. MEANWHILE, TWO SUN TECHNICIANS HAVE BEEN INSTALLING
REPLACEMENT FURNACE IN CRUDE UNIT. EPPARD SAID REFINERY WOULD
NOT BE ABLE TO RESUME OPERATIONS FOR TWO OR MORE MONTHS BECAUSE
SOME PARTS HAVE NOT YET ARRIVED IN LIBERIA.

3. J. EPPARD WILL BE LEAVING FOR PHILADELPHIA ON MAY 1. MRS. EPPARD HAS HAD HER HOUSEHOLD EFFECTS PACKED AND PLANS TO LEAVE LIBERIA ON APRIL 29. THE TWO SUN TECHNICIANS WILL BE OUT OF LIBERIA BY MAY 1. COMMENT: IT APPEARS THAT ALL SUN PERSONNEL WOULD HAVE LEFT LIBERIA WITHOUT KNOWLEDGE OF EMBASSY IF IT WERE NOT FOR E/C COUNSELOR'S VISIT TO LRC OFFICE. IT LOOKS AS IF SUN IS WASHING ITS HANDS OF THE WHOLE THING. END COMMENT.

4. MINFIN PHILLIPS TOLD AMBASSADOR THAT LRC PROBLEMS IS A HIGHLY COMPLEX MATTER. PHILLIPS SAID THAT GOL IS THINKING OF MAKING AN OFFER IN WRITING TO LRC FOR PHYSICAL REFINERY PROPERTY. A NEW COMPANY WOULD BE FORMED IN WHICH PRESENT MINORITY SHAREHOLDERS WOULD HAVE SAME PROPORTIONATE SHARE (33 PER CENT) AS IN LRC. GOL WOULD PRESUMABLY HAVE CONTROLLING INTEREST WITH 51 PERCENT OF THE SHARES AND 16 PERCENT WOULD BE SOLD TO COMPANY PROVIDING MANAGERIAL AND TECHNICAL SERVICES. IF FOREGOING IS NOT ACCEPTABLE TO SUN, LRC COULD CONTINUE TO OPERATE WITH AN INCREASE IN PETROLEUM PRODUCT PRICES.

5. THE FOREGOING, ESPECIALLY THE SALE OF THE PHYSICAL PROPERTY, MAY NOT BE FEASIBLE BECAUSE BANK OF LIBERIA HAS CHATTEL MORTGAGE ON REFINERY PHYSICAL ASSETS, CRUDE OIL, REFINED PRODUCTS AND RECEIVABLES OF LRC. CHATTEL MORTGAGE WAS ARRANGED IN 1975 BECAUSE NATIONAL BANK OF LIBERIA INSPECTOR WAS NOT SATISFIED WITH SUN'S "COMFORT LETTER" AND INSISTED ON BANK OF LIBERIA OBTAINING CHATTEL MORTGAGE TO PROTECT ITS INTEREST. BANK OF LIBERIA, ACCORDING TO EXECUTIVE VICE PRESIDENT BOSCAINO (AMERICAN FROM CHEMICAL BANK), HAS FINANCED AND REFINANCED THREE SHIPMENTS OF IMPORTED REFINED PRODUCTS VALUED AT \$7 MILLION ON WRITTEN CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MONROV 02946 291815Z

ASSURANCE OF MINFIN THAT IT WOULD "BE WILLING TO GUARANTEE LETTER OF CREDIT COVERING IMPORTS OF REFINED PRODUCTS." WHEN PRESSED BY BANK OF LIBERIA FOR THE GUARANTEE, MINISTRY OF FINANCE HAS BALKED AND REFUSED TO GIVE ITS GUARANTEE. BOSCAINO STATES THAT HIS BANK IS ADEQUATELY PROTECTED SINCE THERE ARE ALMOST \$7 MILLION IN CRUDE AND REFINED PRODUCTS AT THE REFINERY. MOREOVER, LRC HAS \$5 MILLION IN RECEIVABLES. AND TO TOP THE WHOLE THING IT HOLDS THE CHATTEL MORTGAGE FOR THE REFINERY, PROPERLY PROBATED. ACCORDING TO BOSCAINO, BOTH MINFIN AND EPPARD WERE UNAWARE OF EXISTENCE OF THIS CHATTEL MORTGAGE. UNTIL THE BANK OF LIBERIA HAS BEEN REPAID IN FULL PLUS INTEREST AND OTHER CHARGES, BOSCAINO BELIEVES ALL PARTIES INTERESTED IN REFINERY WOULD HAVE TO COME TO TERMS WITH BANK OF LIBERIA.

6. ACCORDING TO GLAZIER LRC'S BOARD OF DIRECTOR IS SCHEDULED TO MEET ON MAY 4 AT DYNALECTRON'S HEAD OFFICE IN MCLEAN, VIRGINIA. A REPRESENTATIVE FROM MINFIN AND AF/W WILL BE ASKED TO ATTEND THE BOARD MEETING. MINFIN, HOWEVER, HAS DECLINED INVITATION. IMMEDIATELY THEREAFTER SPECIAL STOCKHOLDERS MEETING

WILL BE HELD AT SAME LOCATION. GLAZIER WARNED THAT THROUGH THESE MEETINGS SUN'S INVESTMENT EXPERIENCE IN LIBERIA WILL BECOME PUBLIC KNOWLEDGE AND SEVERELY DAMAGE LIBERIA'S INVESTMENT CLIMATE.

7. COMMENT: EMBASSY IS, OF COURSE, ONLY AN INTERESTED BYSTANDER IN A VERY COMPLECATED AND INVOLVED COMMERCIAL DISPUTE. HOWEVER, IT IS CONCERNED THAT ITS RAMIFICATIONS COULD ADVERSELY AFFECT BILATERAL GOL-US RELATIONS.
CARTER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, CLAIMS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MONROV02946
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770150-0837
Format: TEL
From: MONROVIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977045/aaaaadm.x.tel
Line Count: 126
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3cdacba3-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 STATE 77863
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2784074
Secure: OPEN
Status: NATIVE
Subject: LIBERIA REFINING COMPANY (LRC)
TAGS: EINV, ENRG, LI, US, LRC
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/3cdacba3-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009